

State of Arizona

Douglas A. Ducey Governor

Office of the Governor

EXECUTIVE OFFICE

June 7, 2019

The Honorable Katie Hobbs Secretary of State 1700 W. Washington, 7th Floor Phoenix, AZ 85007

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on June 7th, 2019:

- H.B. 2039 elections; federal form; emergency voting (Townsend)
- H.B. 2076 virtual training simulators; location (Fillmore)
- H.B. 2134 municipal elections; write-in candidates (Cobb)
- H.B. 2146 contracts; licensure requirements; exemption (Rivero)
- H.B. 2190 CORP; accidental disability; definition (Payne)
- H.B. 2265 defensive driving schools; course requirements (Payne)
- H.B. 2275 TPT exemptions; propagative materials (Dunn)
- H.B. 2358 landlord tenant; partial payment; assistance (Toma)
- H.B. 2360 TPT; estimated payments; liability threshold (Toma)
- H.B. 2493 solar energy devices; appraisal methods (Cobb)
- H.B. 2532 critical health information; emergency responders (Gabaldon)
- H.B. 2547 racing commission; simulcasting; wagering facilities (Finchem)
- H.B. 2556 agricultural property; uses; rural activities (Finchem)
- H.B. 2646 commerce authority; application review (Teller)
- H.B. 2670 study committee; special education; gifted (Bolick)
- S.B. 1027 tax credit; charitable organizations; eligibility (Leach)
- S.B. 1037 prisoners; parole hearings; recertification procedures (Brophy-McGee)
- S.B. 1062 public disclosure; health professionals; address (Carter)
- S.B. 1064 court security officers; certification; powers (Borrelli)
- S.B. 1087 vehicle liability insurance; minimum limits (Brophy-McGee)
- S.B. 1213 ASRS; return to work (Livingston)
- S.B. 1236 tax liens; fees; certificate expiration (Mesnard)
- S.B. 1241 state parks board; heritage fund (Brophy-McGee)
- S.B. 1246 behavioral health; foster children (Brophy-McGee)
- S.B. 1248 property taxes; valuation; property modifications (Leach)
- S.B. 1259 ADOT; proportional registration; temporary registration (Livingston)
- S.B. 1300 low-income housing; tax exemption (Brophy-McGee)
- S.B. 1307 DUI; license reinstatement; evaluation requirements (Livingston)
- S.B. 1310 earned release credits; drug offenses (E. Farnsworth)

- S.B. 1321 health information organizations (Carter)
- S.B. 1330 emergency management compact; workers (Borrelli)
- S.B. 1332 alternative fuel vehicles; VLT (Livingston)
- S.B. 1352 health care directives registry; transfer (Carter)
- S.B. 1451 procedures; nomination petitions; registered circulators (Leach)
- S.B. 1456 vision screening; schools; appropriation (S. Allen)
- S.B. 1482 state agencies; fee increase; limit (Mesnard)
- S.B. 1494 marijuana; testing; advisory council; library (Gowan)
- S.B. 1528 video service providers; license (Carter)
- S.B. 1536 controlled substances; delegation; monitoring (Brophy-McGee)
- S.B. 1538 adult protective services (Brophy-McGee)

Sincerely,

Douglas A. Ducey

Governor

State of Arizona

cc: Senate Secretary

Chief Clerk of the House of Representatives

Arizona News Service

Senate Engrossed House Bill
FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona House of Representatives Fifty-fourth Legislature First Regular Session 2019

CHAPTER 293 HOUSE BILL 2547

AN ACT

AMENDING SECTION 5-112, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-118; RELATING TO HORSE AND DOG RACING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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Be it enacted by the Legislature of the State of Arizona: Section 1. Section 5-112, Arizona Revised Statutes, is amended to read:

5-112. Wagering legalized: simulcasting of races:

unauthorized wagering prohibited: classification:
report: anticompetitive or deceptive practices
prohibited

- A. Except as provided in subsection J of this section, section 5-101.01, subsection F and title 13, chapter 33, any person within the enclosure of a racing meeting held pursuant to this article may wager on the results of a race held at the meeting or televised to the racetrack enclosure by simulcasting pursuant to this section by contributing money to a pari-mutuel pool operated by the permittee as provided by this article.
- B. The department, on request by a permittee, may grant permission for electronically televised simulcasts of horse, harness or dog races to be received by the permittee. In counties having WITH a population of one million five hundred thousand persons or more, the simulcasts shall be received at the racetrack enclosure where a horse or harness racing meeting is being conducted, provided that the simulcast may only be received during, immediately before or immediately after a minimum of nine posted races for that racing day. In counties having WITH a population of five hundred thousand persons or more but less than one million five hundred thousand persons, the simulcasts shall be received at the racetrack enclosure where a horse or harness racing meeting is being conducted provided that the simulcast may only be received during, immediately before or immediately after a minimum of four posted races for that racing day. In all other counties, the simulcasts shall be received at a racetrack enclosure at which authorized racing has been conducted, whether or not posted races have been offered for the day the simulcast is The simulcasts shall be ARE limited to horse, harness or dog races. The simulcasts shall be ARE limited to the same type of racing as authorized in the permit for live racing conducted by the permittee. The department, on request by a permittee, may grant permission for the permittee to transmit the live race from the racetrack enclosure where a horse or harness racing meeting is being conducted to a facility or facilities in another state. All simulcasts of horse or harness races shall comply with the interstate horseracing act of 1978 (P.L. 95-515; 92 Stat. 1811; 15 United States Code chapter 57). All forms of pari-mutuel wagering shall be ARE allowed on horse, harness or dog races, whether or not televised by simulcasting. All monies wagered by patrons on these horse, harness or dog races shall be computed in the amount of money wagered each racing day for THE purposes of section 5-111.
- C. Notwithstanding subsection B of this section, in counties $\frac{\text{having}}{\text{MITH}}$ a population of one million five hundred thousand persons or more,

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simulcasts may be received at the racetrack enclosure, and the permittee may offer pari-mutuel wagering on the simulcast racing at any additional wagering facility used by a permittee for handling wagering as provided in section 5-111, subsection A during a permittee's racing meeting as approved by the commission, whether or not the simulcasts are televised to the additional wagering facilities and whether or not posted races have been conducted on the day the simulcast is received, if the permittee's racing permit requires the permittee to conduct a minimum of one hundred fifty-six days of live racing with an average of nine posted races on an average of five racing days each week at the permittee's racetrack enclosure during the period beginning on October 1 and ending on the first full week in May, unless otherwise agreed in writing by the permittee and the recognized horsemen's organization that represents the horsemen participating in the race meet at the racetrack enclosure, subject to approval by the department.

- D. Notwithstanding subsection B of this section, in counties having WITH a population of seven hundred thousand persons or more but less than one million five hundred thousand persons, simulcasts may be received at the racetrack enclosure, and the permittee may offer pari-mutuel wagering on the simulcast racing at any additional wagering facility used by a permittee for handling wagering as provided in section 5-111, subsection A during a permittee's racing meeting as approved by the commission, whether or not the simulcasts are televised to the additional wagering facilities and whether or not posted races have been conducted on the day the simulcast is received. The permittee may conduct wagering on dark day simulcasts for twenty days, provided the permittee conducts a minimum of seven posted races on each of the racing days mandated in the permittee's commercial racing permit. In order to conduct wagering on dark day simulcasts for more than twenty days, the permittee is required to conduct a minimum of seven posted races on one hundred forty racing days at the permittee's racetrack enclosure, UNLESS OTHERWISE AGREED IN WRITING BY THE PERMITTEE AND THE RECOGNIZED HORSEMEN'S ORGANIZATION THAT REPRESENTS THE HORSEMEN PARTICIPATING IN THE RACE MEET AT THE RACETRACK ENCLOSURE, SUBJECT TO APPROVAL BY THE DEPARTMENT.
- E. In an emergency and on a showing of good cause by a permittee, the commission may grant an exception to the minimum racing day requirements of subsections C and D of this section.
- F. The minimum racing day requirements of subsections C and D of this section shall be computed by adding all racing days, including any county fair racing days operated in accordance with section 5-110, subsection F, allotted to the permittee's racetrack enclosure in one or more racing permits.
- G. Simulcast signals or teletracking of simulcast signals does not prohibit live racing or teletracking of that live racing in any county at any time.

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- H. Except as provided in subsection J of this section, section 5-101.01, subsection F and title 13, chapter 33, any person within a racetrack enclosure or an additional facility authorized for wagering pursuant to section 5-111, subsection A may wager on the results of a race televised to the facility pursuant to section 5-111, subsection A by contributing to a pari-mutuel pool operated as provided by this article.
- I. Except as provided in this article and in title 13, chapter 33, all forms of wagering or betting on the results of a race, including buying, selling, cashing, exchanging or acquiring a financial interest in pari-mutuel tickets, except by operation of law, whether the race is conducted in this state or elsewhere, are illegal.
- J. A permittee shall not knowingly permit a person who is under twenty-one years of age to be a patron of the pari-mutuel system of wagering.
- K. Except as provided in title 13, chapter 33, any person who violates this article with respect to any wagering or betting, whether the race is conducted in or outside this state, is guilty of a class 6 felony.
- L. Simulcasting may only be authorized for the same type of racing authorized by a permittee's live racing permit.
- M. In addition to pari-mutuel wagering otherwise authorized by this chapter, a commercial live-racing permittee or a commercial dog racing permittee that conducted live dog racing in 2016 may conduct advance deposit wagering as approved by the commission. The commission also may allow advance deposit wagering by an advance deposit wagering provider if a racing authority in the state where the advance deposit wagering provider is located approves the advance deposit wagering provider and, for horse racing, if the advance deposit wagering provider annually secures the approval of the commercial live horse racing permittees in a county where the advance deposit wagering provider or commercial live-racing permittee accepts advance deposit wagers for horse racing and of the organization that represents the majority of owners and trainers at each of the commercial live horse racing enclosures in each county. An advance deposit wagering provider that the commission approves shall pay source market fees on wagers placed on horse racing from this state to commercial live horse racing permittees in this state. The advance deposit wagering provider shall divide the source market fees on horse racing wagers on the basis of the proportion of the permittees' total live and simulcast handle during the previous year and the advance deposit wagering provider shall pay source market fees on wagers on dog racing from the county in which the live or simulcast racing is conducted to the commercial live racing permittee in that county. The advance deposit wagering provider shall divide the source market fees on dog racing from wagering in any other county as provided in a written agreement that is submitted to the department between all commercial dog racing permittees.

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- N. The commission may issue a permit to authorize an advance deposit wagering provider to accept advance deposit wagering on racing from persons in this state. The procedures for the approval of the permit must be similar to the procedures for the approval of racing permits under this article, subject to the following requirements:
- 1. The commission shall issue an advance deposit wagering permit only if the state agency that regulates racing in the state where the advance deposit wagering provider is located approves the permittee or provider to conduct advance deposit wagering.
- 2. An advance deposit wagering provider may accept advance deposit pari-mutuel wagers from natural persons in this state on racing conducted by a commercial live-racing permittee in this state or on racing conducted outside this state if the commercial live-racing permittee in this state at a racetrack enclosure in a county where live horse or live dog racing has been conducted for a period of at least forty days per year for at least twelve consecutive years beginning after 1992 or at a new racetrack enclosure in the same county that replaced the previously existing racetrack enclosure on which advance deposit wagering is accepted or that conducts a racing program with the same type of racing on which the advance deposit wagering is accepted enters into an agreement with the advance deposit wagering provider providing for the payment of a source market fee that is agreed to by the commercial live-racing permittee on all advance deposit wagering.
- 3. An advance deposit wagering provider shall pay source market in an amount that is agreed to by the commercial live-racing permittee on all advance deposit wagering by persons in this state on the same type of racing the commercial live-racing permittee conducts. Source market fees from wagers by persons in this state through an advance deposit wagering provider shall be allocated as provided in paragraph 7 of this subsection to a commercial live horse racing permittee at a racetrack enclosure in a county where live horse racing has been conducted for a period of at least forty days per year for at least twelve consecutive years beginning after 1992 or at a new racetrack enclosure in the same county that replaced the previously existing racetrack enclosure during the period of time that the commercial live-racing permittee conducts a racing program. Source market fees for dog racing from wagering through the advance deposit wagering provider from persons wagering in a county shall be allocated as provided in paragraph 7 of this subsection to a commercial dog racing permittee at a racetrack enclosure in a county where live dog racing had been conducted in 2016 or had been conducted for a period of at least forty days per year for at least twelve consecutive years beginning after 1992 or at a new racetrack enclosure in the same county that replaced the previously existing racetrack enclosure. Source market fees from wagers by persons in this state in all other counties for

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pari-mutuel wagering on dog racing through an advance deposit wagering provider shall be allocated as provided in paragraph 7 of this subsection.

- 4. Advance deposit wagering agreements that are executed between permittees in this state must contain the same or substantially equivalent terms and conditions, including provisions for revenue sharing, as the terms and conditions contained in simulcasting agreements that are executed between those same permittees in order to accept advance deposit wagering on horse racing from a county with a commercial dog racing permittee.
- 5. The advance wagering provider shall transmit daily a percentage determined by the department of the gross revenues generated by advance deposit wagers to the department for deposit in the racing regulation fund established by section 5-113.01.
- 6. The advance deposit wagering provider shall file the consent provided for in this subsection with the commission, and the consent is valid for a period of at least one year.
- 7. The source market fees are allocated, after deductions, as provided for in section 5-111, subsection C for horse racing for any fees or payments to the state, county and city for taxes or other fees, in the same manner as the proceeds of simulcast pari-mutuel wagering as provided in section 5-111, subsection C for horse racing. From the source market fees from advance deposit wagering on horse racing allocated for purses as provided in section 5-111, subsection C, five percent is paid to the department for deposit in the Arizona breeders' award fund account for distributions for Arizona bred horses as provided in section 5-114.
- O. The owner of the advance deposit wagering account may make an advance deposit pari-mutuel wager only by telephone.
- P. Only the advance deposit wagering provider may make an advance deposit wager, pursuant to wagering instructions the owner of the monies issues by telephone. The advance deposit wagering provider shall ensure the identification of the owner of the account by using methods and technologies approved by the commission. Any advance deposit wagering provider that accepts wagering instructions on races that are conducted in this state, or accepts wagering instructions originating in this state, shall provide a daily report that contains a full accounting and verification of the source of the wagers made, including the postal zip code of the source of the wagers and all pari-mutuel data, in a form and manner that is approved by the commission. All reasonable costs associated with the creation, provision and transfer of the data is the responsibility of the advance deposit wagering provider.
- Q. Any person other than a permittee or any advance deposit wagering provider who is approved by the commission under this article and who accepts a wager or who bets on the results of a race, whether the race is conducted in or outside this state, including buying, selling, cashing, exchanging or acquiring a financial interest in a pari-mutuel ticket from

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a person in this state outside of a racing enclosure or an additional wagering facility that is approved by the commission and that is located in this state is guilty of a class 6 felony.

- R. Pursuant to section 13-108, a pari-mutuel wager or a bet placed or made by a person in this state is deemed for all purposes to occur in this state.
- S. The department and the attorney general shall enforce subsections Q and R of this section and shall submit an annual report that summarizes these enforcement activities to the governor, the speaker of the house of representatives and the president of the senate. The department and the attorney general shall provide a copy of this report to the secretary of state.
- T. EACH COMMERCIAL LIVE-RACING PERMITTEE IN THIS STATE SHALL ENTER INTO AN AGREEMENT THAT COMPLIES WITH THIS SUBSECTION. SIMULCASTS THAT ORIGINATE FROM A RACETRACK ENCLOSURE THAT CONDUCTS LIVE RACING IN THIS STATE SHALL BE OFFERED TO EACH COMMERCIAL LIVE-RACING PERMITTEE IN THIS STATE AND ADDITIONAL WAGERING FACILITY IN THIS STATE. EACH SIMULCAST AGREEMENT EXECUTED PURSUANT TO THIS SUBSECTION IS SUBJECT TO APPROVAL BY THE COMMISSION. THE COMMISSION SHALL APPROVE THE SIMULCAST AGREEMENT IF THE COMMISSION DETERMINES THAT THE AGREEMENT IS REASONABLE AND COMPLIES WITH THE REQUIREMENTS OF THIS SUBSECTION. A PERMITTEE MAY NOT ENGAGE IN ANY ANTICOMPETITIVE OR DECEPTIVE PRACTICE IN OFFERING TO SEND THE PERMITTEE'S SIMULCAST TO ANOTHER COMMERCIAL LIVE-RACING PERMITTEE OR ADDITIONAL WAGERING FACILITY IN THIS STATE. FOR THE PURPOSES OF THIS SUBSECTION, AN ANTICOMPETITIVE OR DECEPTIVE PRACTICE INCLUDES ANY OF THE FOLLOWING:
- 1. ANY AGREEMENT TO CHARGE EXCESSIVE OR UNREASONABLE FEES FOR THE RIGHT TO RECEIVE THE SIMULCASTS. IN DETERMINING WHETHER A FEE IS EXCESSIVE OR UNREASONABLE, THE COMMISSION SHALL CONSIDER PREVAILING RATES PAID FOR COMPARABLE SIMULCAST SIGNALS IN THE PAST, PREVAILING RATES PAID OUTSIDE THIS STATE AND WHETHER ANY COMMONALITY OF OWNERSHIP OR REVENUE SHARING EXISTS, PARTIALLY OR WHOLLY, BETWEEN THE PERMITTEE IN THIS STATE AND THE ENTITY THAT RECEIVES THE SIMULCAST FEE.
- 2. ANY AGREEMENT, COMBINATION, TRUST OR JOINT ENTERPRISE WITH ANY OTHER RACETRACK OR ENTITY IN WHICH MULTIPLE SIMULCAST SIGNALS ARE BUNDLED TOGETHER FOR THE PURPOSE OF SECURING AN EXCESSIVE OR UNREASONABLE FEE FOR ONE OR MORE SIMULCAST SIGNALS IN THE GROUP IN EXCHANGE FOR THE RIGHT TO RECEIVE ANY OF THE SIGNALS IN THAT GROUP.
- 3. ANY OTHER ACTIVITY WITH THE PURPOSE OR EFFECT OF ARTIFICIALLY INFLATING PRICES BEYOND REASONABLE MARKET RATES.
- U. ANY SIMULCAST OF LIVE RACING INTO THIS STATE THAT ORIGINATES FROM OUTSIDE THIS STATE SHALL COMPLY WITH THIS SUBSECTION. THE SIMULCAST MUST BE OFFERED TO EACH COMMERCIAL LIVE-RACING PERMITTEE IN THIS STATE AND ADDITIONAL WAGERING FACILITY IN THIS STATE. EACH SIMULCAST AGREEMENT EXECUTED PURSUANT TO THIS SUBSECTION IS SUBJECT TO APPROVAL BY THE

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COMMISSION. THE COMMISSION SHALL APPROVE THE SIMULCAST AGREEMENT IF THE COMMISSION DETERMINES THAT THE AGREEMENT IS REASONABLE AND COMPLIES WITH THE REQUIREMENTS OF THIS SUBSECTION. A PROVIDER OF SIMULCASTS ORIGINATING FROM OUTSIDE OF THIS STATE MAY NOT ENGAGE IN ANY ANTICOMPETITIVE OR DECEPTIVE PRACTICE IN OFFERING TO CONTRACT FOR THE PRIVILEGE TO SEND ANY INTERSTATE SIMULCAST TO A COMMERCIAL LIVE-RACING PERMITTEE OR ADDITIONAL WAGERING FACILITY IN THIS STATE. FOR THE PURPOSES OF THIS SUBSECTION, AN ANTICOMPETITIVE OR DECEPTIVE PRACTICE INCLUDES ANY OF THE FOLLOWING:

- 1. ANY AGREEMENT TO CHARGE EXCESSIVE OR UNREASONABLE FEES FOR THE RIGHT TO RECEIVE THE INTERSTATE SIMULCASTS. IN DETERMINING WHETHER A FEE IS EXCESSIVE OR UNREASONABLE, THE COMMISSION SHALL CONSIDER PREVAILING RATES PAID FOR COMPARABLE SIMULCAST SIGNALS IN THE PAST, PREVAILING RATES PAID OUTSIDE THIS STATE AND WHETHER ANY COMMONALITY OF OWNERSHIP OR REVENUE SHARING EXISTS, PARTIALLY OR WHOLLY, BETWEEN THE PERMITTEE IN THIS STATE AND THE ENTITY RECEIVING THE SIMULCAST FEE.
- 2. ANY AGREEMENT, COMBINATION, TRUST OR JOINT ENTERPRISE WITH ANY OTHER RACETRACK OR ENTITY IN WHICH MULTIPLE INTERSTATE SIGNALS ARE BUNDLED TOGETHER FOR THE PURPOSE OF SECURING AN EXCESSIVE OR UNREASONABLE FEE FOR ONE OR MORE SIMULCAST SIGNALS IN THE GROUP IN EXCHANGE FOR THE RIGHT TO RECEIVE ANY OF THE SIGNALS IN THAT GROUP.
- 3. ANY OTHER ACTIVITY WITH THE PURPOSE OR EFFECT OF ARTIFICIALLY INFLATING PRICES BEYOND REASONABLE MARKET RATES.
- Sec. 2. Title 5, chapter 1, article 1, Arizona Revised Statutes, is amended by adding section 5-118, to read:

5-118. <u>Authorization to own or lease not more than six new</u> <u>additional wagering facilities</u>

A PERMITTEE THAT IS AUTHORIZED TO CONDUCT LIVE RACING IN A COUNTY WITH A POPULATION OF SEVEN HUNDRED THOUSAND PERSONS OR MORE BUT LESS THAN ONE MILLION FIVE HUNDRED THOUSAND PERSONS MAY OWN OR LEASE NOT MORE THAN SIX NEW ADDITIONAL WAGERING FACILITIES IN THAT COUNTY THAT BEGIN OPERATIONS BETWEEN THE EFFECTIVE DATE OF THIS SECTION AND JUNE 30, 2022.

APPROVED BY THE GOVERNOR JUNE 7, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 7, 2019.

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Passed the House February 25, 2019	Passed the Senate May 15, 20 19
by the following vote: 31	Ayes, by the following vote:Ayes,
	ing Nays, Not Voting
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Chief Clerk of the House	Secretary of the Senate
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Governor of Arizon	EXECUTIVE DEPARTMENT OF ARIZONA
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HOUSE CONCURS IN SENATE AMENDMENTS AND FINAL PASSAGE

by the following vote:Ayes,	
Not Voting	
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EXECUTIVE DEPARTMENT OF OFFICE OF GOVERNO	
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Governor of Arizona	
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	This Bill was received by the Secretary of State
	this 7 day of June, 2019,

H.B. 2547

at 6:01 o'clock P. M.

Secretary of State